



DALLAS-FORT WORTH  
**OFFICE MARKET REPORT**  
2<sup>ND</sup> QUARTER 2024

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Corporate downsizing  
and hybrid workforce  
continue to counteract  
what otherwise would be a  
healthy office market.

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# Economic Conditions

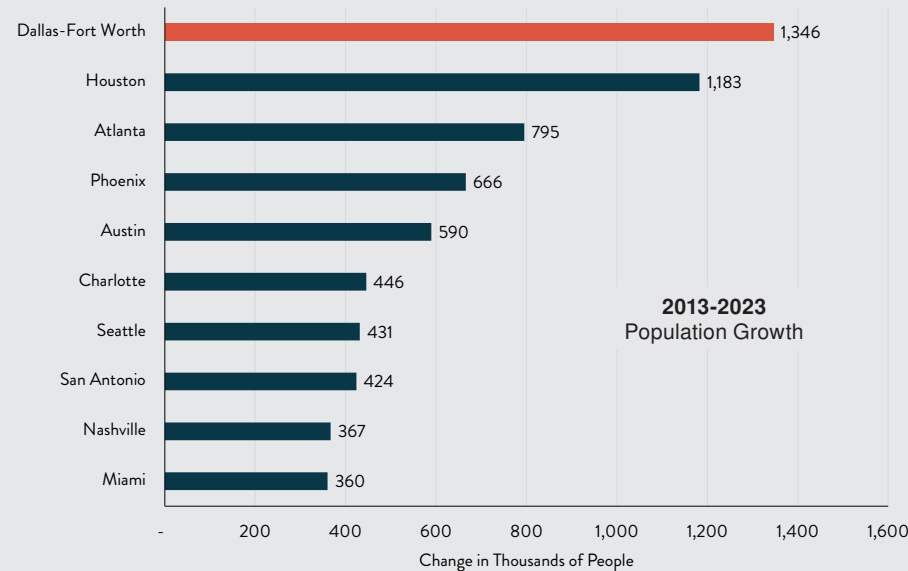
## Population and Employment

Completing the first half of 2024, the Dallas-Fort Worth office market continues to face economic headwinds while simultaneously experiencing growth in labor and leasing activity. Although corporate relocations have cooled since the 2023 peak, the metro's reputation as a resilient and cost-effective business environment still stands with 94 headquarters relocations since 2018 and a population of 8.1 million residents, expected to reach 11.3 million by 2045. However, the DFW office vacancy rate still sits at 21%, likely due to the rise in hybrid work, companies downsizing, and speculative deliveries.



### Dallas-Fort Worth Population Growth 2013-2023

2023 Population: 8.1 million



Source: U.S. Bureau of Labor Statistics (2023)



#### 10-Year Change

2013-2023

1.3 million people  
(19.9% growth)



#### 12-Month Change

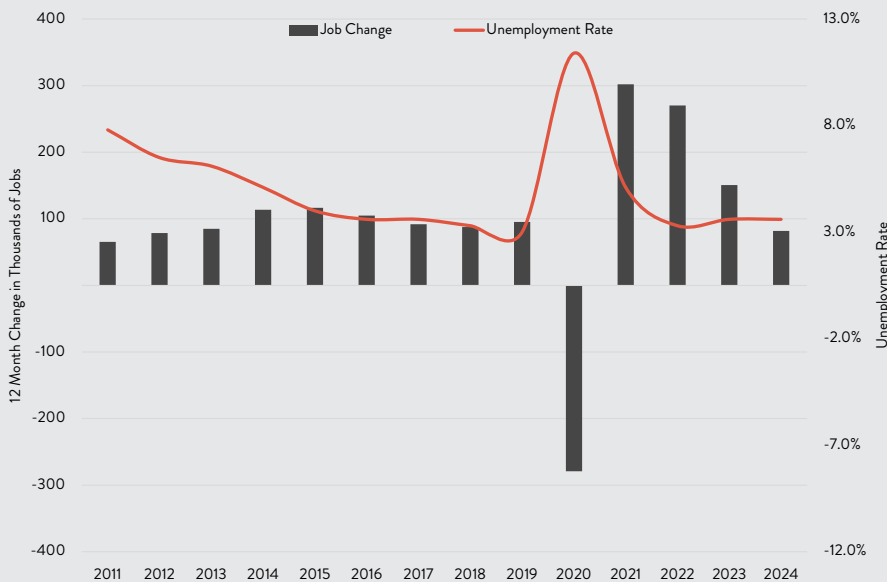
2022-2023

152,598 people  
(1.9% growth)

Dallas-Fort Worth sits as the 4th largest metroplex in the country with a population of 8.1 million people and growing. According to the U.S. Bureau of Labor Statistics, DFW's population grew by 152,598 or 418 residents per day, making up 32.2% of Texas' overall population growth of nearly 475,000 residents between 2022 and 2023. Collin and Denton counties were the top two counties nationwide to add the most residents through the twelve months ending July 2023, adding 36,364 and 29,943 people, respectively.

### Dallas-Fort Worth Net Job Growth and Unemployment Rate

4.3 million jobs | 3.6% unemployment rate



Source: U.S. Bureau of Labor Statistics



#### 12-Month Job Gains

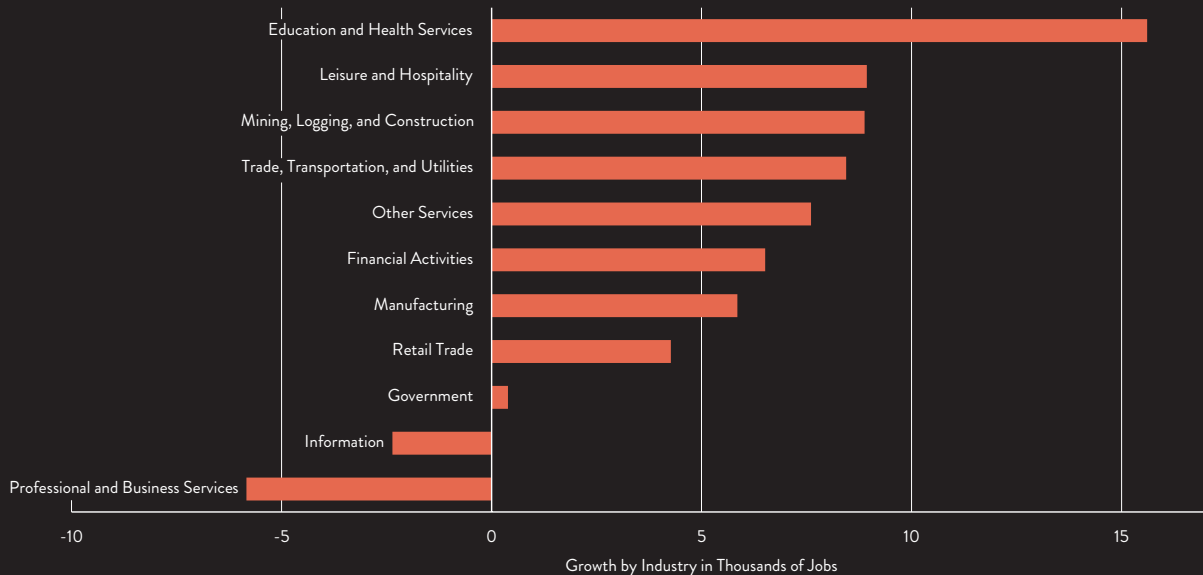
81,900 jobs

(1.9% growth)

The Dallas-Fort Worth metro has added 526,000 jobs since May 2019, the largest five-year growth in the nation by a significant margin, surpassing the next highest job gains of Houston by 235,200 jobs. While the DFW labor market continues to show positive change, the growth rate is cooling, similar to the nation as a whole. The DFW unemployment rate has decreased slightly to 3.6% while the national rate has increased to 4.1% as interest rates remain restrictive.



### DFW Job Growth By Industry (MAY '23 - MAY '24)



The DFW metro experienced employment growth of 81,900 jobs over the 12 months ending in May 2024, with various sectors contributing differently to this growth. Strong gains were recorded in education and health services by 3.6% (15,600 jobs) and leisure and hospitality by 2.1% (8,900 jobs). Employment growth remained steady in financial activities and manufacturing but declined in office-using sectors like information (-2.5%) and professional services (-0.7%).

# Dallas-Fort Worth Accolades

# #1

**Nationwide**  
FOR POPULATION GROWTH

Dallas-Fort Worth consistently ranks among the nation's fastest-growing areas, and continuing job growth is a key factor. The population growth has, in turn, fueled real estate development as retailers and service providers expand to meet increasing demand.



# #1

**NATIONWIDE**  
FOR JOB RECOVERY  
in the past 5 years  
(4.3 million jobs)

# #2

**Most Diverse**  
INDUSTRY IN THE U.S.

Dallas-Fort Worth excels in many important industry sectors. DFW has ranked among the top five regions in 10 of the 12 industries.

## LIVING & DOING BUSINESS

Dallas-Fort Worth is one of the most affordable large metropolitan areas in the country. Employees in DFW enjoy a higher standard of living with lower housing costs as well as lower costs for groceries, transportation and health care. The areas relatively low housing prices provide a strong edge for companies that operate here to recruit talent.

## 2024 HQ Relocation ANNOUNCEMENTS



# 24

**Fortune 500**  
HEADQUARTERS

As of 2023 Dallas-Fort Worth has 24 Fortune 500 company headquarters and 49 headquarters among the Fortune 1000.

Dallas-Fort Worth is one of two regions in the U.S. to host two Fortune 10 companies, and only Beijing and Seattle are home to more. Revenues earned by Fortune 500 companies located in DFW total \$1.4 trillion.



# DFW's Global Center

# 2nd

**Busiest airport**  
in the world

Dallas -Fort Worth International Airport is an economic engine for the region, generating \$37 billion in economic impact, supporting 634,000 full-time jobs and attracting \$28B in visitor spending

The DFW International Airport is the highest-capacity commercial airport in the world and one of the two international gateway airports in Texas. DFW's location means time savings when it comes to travel. All major U.S. cities are less than four hours away.

 <b>224K</b>	 <b>11.2M</b>	 <b>774k</b>
Daily Passengers	International Passengers	Total Cargo (in U.S. tons)

# Office Market Conditions

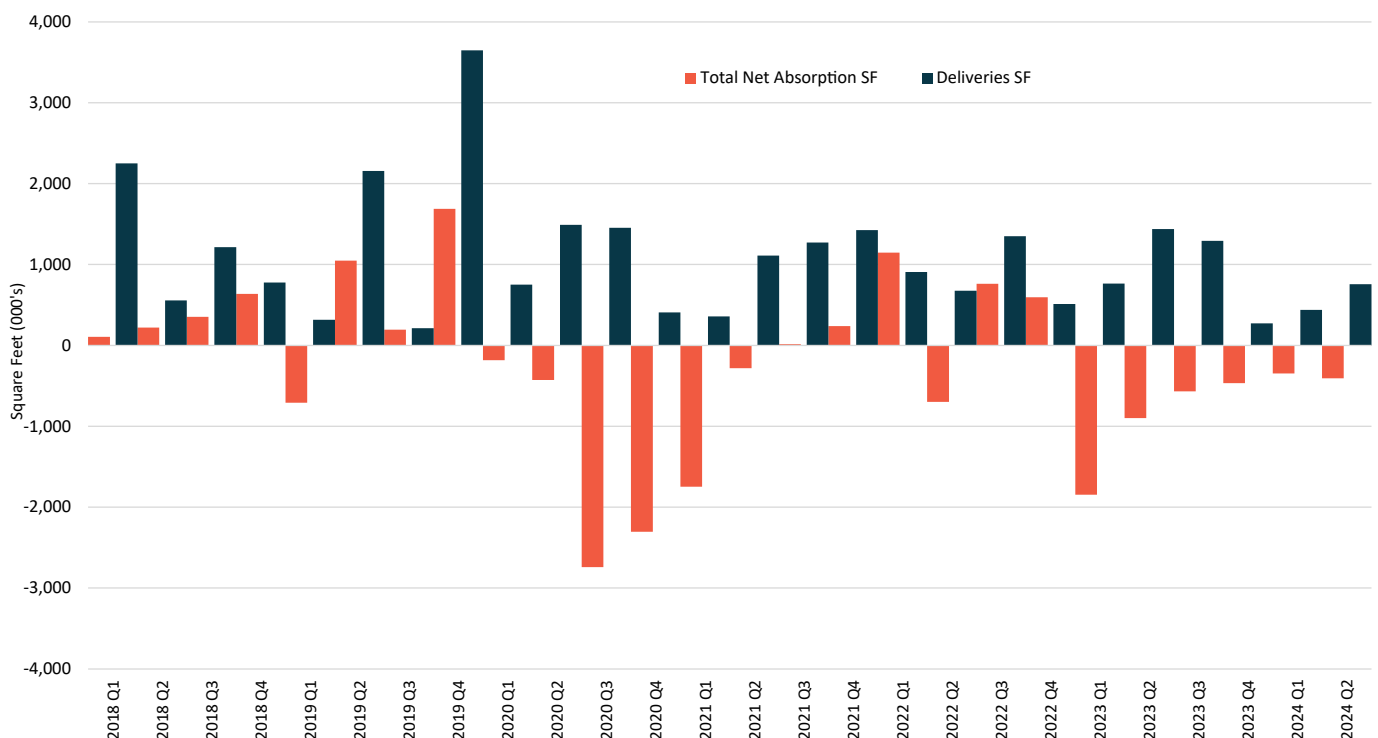
## Supply and Demand

Dallas-Fort Worth recorded its sixth consecutive quarter of negative absorption at -407,564 SF for the quarter or -754,861 SF of year-to-date net absorption. Companies downsizing were the main contributors with Thomson Reuters relocating and downsizing by 222,000 SF to Frisco Station due to an increase in hybrid work and Inform Diagnostics moving out of the full 172,000 SF at 6655 N Macarthur to occupy 96,500 SF at 1111 Freeport Pky. Properties built since 2015 recorded 99,028 SF of net absorption for the second quarter while properties built before 2015 recorded -506,592 SF, indicating that flight to quality remains a fundamental trend in the market.

Further downsizing and layoffs are expected to impact absorption in the coming quarters. The Dallas CBD will be particularly hard hit with Walmart's announcement of 1,266 layoffs and the closing of its 85,000 SF office technology hub at Factory Six 03 in the West End and Santander giving back nearly 200,000 SF or 45% of their current footprint following a renewal in Santander Tower. Overall leasing volume, however, could soften the hit, increasing by 12.8% in the second quarter to 3.7 million SF. Onsemi's nearly 100,000 SF new lease at 505 Millennium and Jones Day's renewal at Harwood No. 3 and new lease at the proposed Harwood No. 15 for a combined 164,000 SF led the increase in leasing activity. Asking rental rates increased by 2.9% year-over-year to \$30.67 PSF, largely due to new, amenity-rich product entering the market like the under construction Bank of America Tower at Parkside, quoting the highest rate in DFW at \$80.00 NNN.

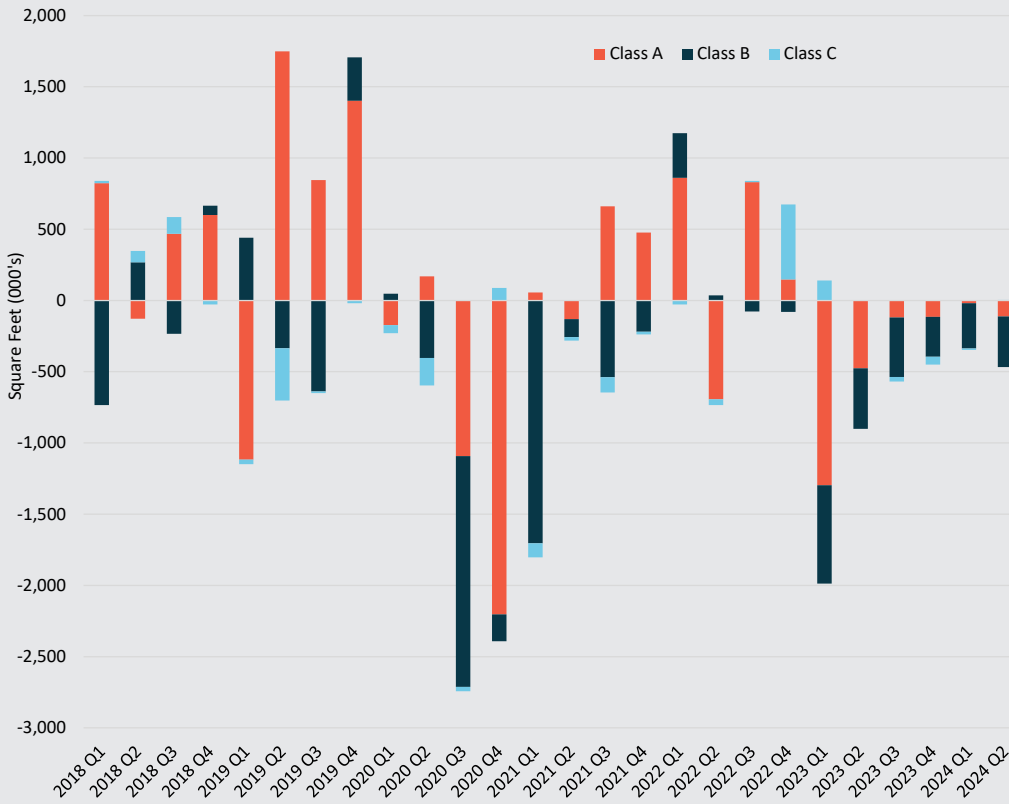
Total vacancy held at 22.0% with Class A leading the share by 66.0% of vacant space, largely due to speculative office delivering. Over 1.1 million SF of office has delivered year-to-date with second quarter deliveries including The Quad in Uptown at 35.6% leased and Far North Dallas' Southstone Yards and 121 Commerce Aqua, each currently 0% leased. Notable proposed properties include Harwood No. 15 in Uptown, pre-leased by Jones Day by 22.0%, and 4145 Travis St., roughly 50% pre-leased by Stillwater Capital to be their new headquarters in Uptown.

## Net Absorption & Deliveries



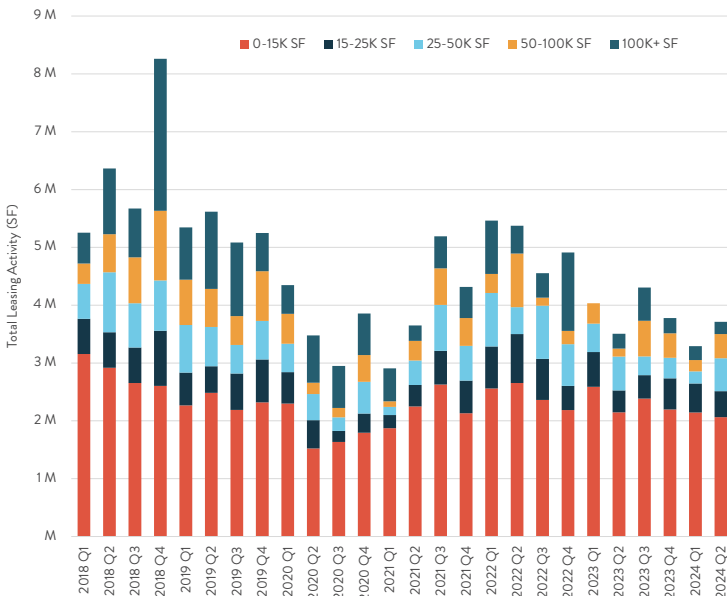


### Class Net Absorption



Although slight, Class C recorded positive absorption of 4,012 SF, ending the 4-quarter streak of negative absorption across all classes. Class B properties continue to play a significant role, contributing 87.3% to the total negative absorption of -407,564 SF for the quarter and 89.2% year-to-date.

### Leasing Activity



After three consecutive quarters of decreased leasing activity, Dallas-Fort Worth recorded 3.7 million SF in signed deals in Q2, a 12.8% increase since last quarter. Smaller deals under 15,000 SF continue to lead leasing activity, making up 94.6% of deals signed for the quarter. However, the overall increase in square footage signed can be attributed to a few large leases including Santander's renewal at Santander Tower for 211,087 SF and Jones Day's renewal and new lease for a combined 164,000 SF signed within the Harwood District. Class A accounted for 67.5% of square footage signed in the second quarter with an average deal size of 6,250 SF compared to the market average of 4,138 SF.

#### Q2 2024 NOTABLE LEASES

Tenant	Deal Size	Type	Building	Submarket
Santander Consumer USA	211,087 SF	Renewal	Santander Tower	Dallas CBD
Onsemi	97,496 SF	New	505 Millennium	Allen/McKinney
Inform Diagnostics	96,500 SF	New	1111 Freeport Pkwy	DFW Freeport/Coppell
Jones Day	91,000 SF	Renewal*	Harwood No. 3	Uptown/Turtle Creek
Aethon Energy	73,925 SF	Renewal	Lakeside Square	LBJ Freeway
Jones Day	73,000 SF	New	Harwood No. 15	Uptown/Turtle Creek
Workbox	50,000 SF	Sublease	Victory Plaza East	Uptown/Turtle Creek

\*Renewal until new office at Harwood No. 15 is completed

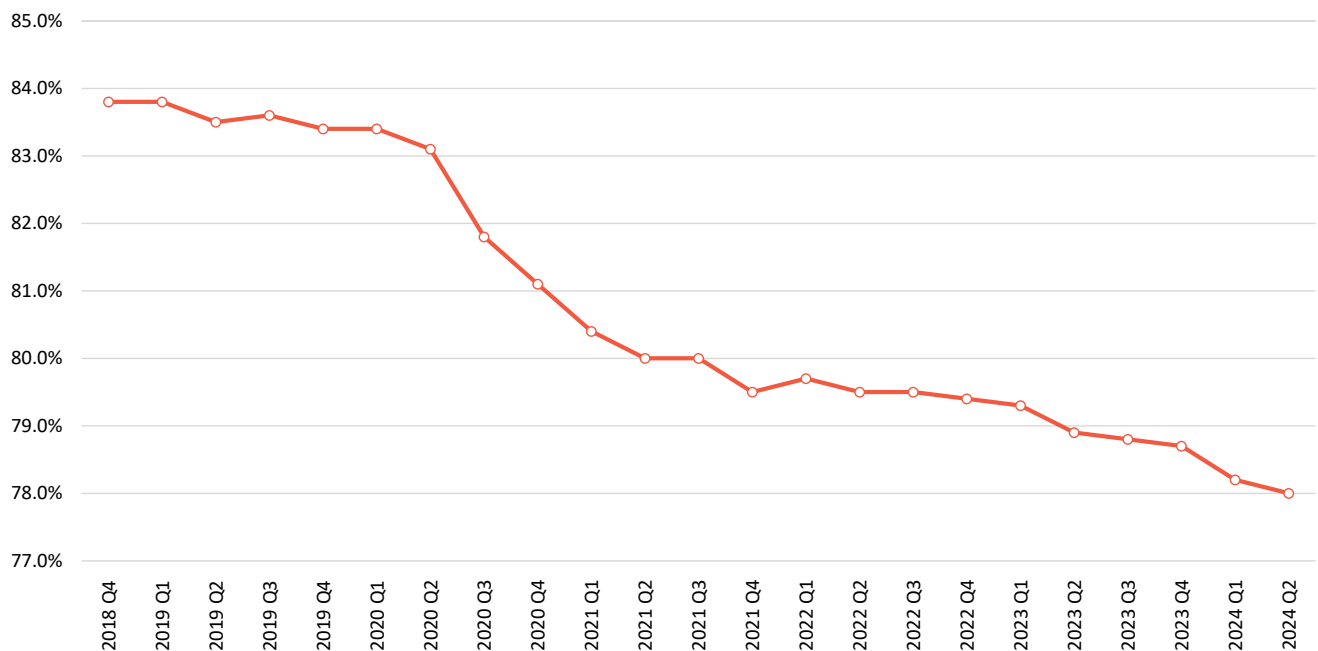


## Occupancy Trends

Office occupancy in the metroplex has experienced a 0.9 percentage point decline year-over-year, sitting at 78.0% for the second quarter. Further reduction in occupancy is expected as new office deliveries enter the market and the planned downsizing of companies takes effect.

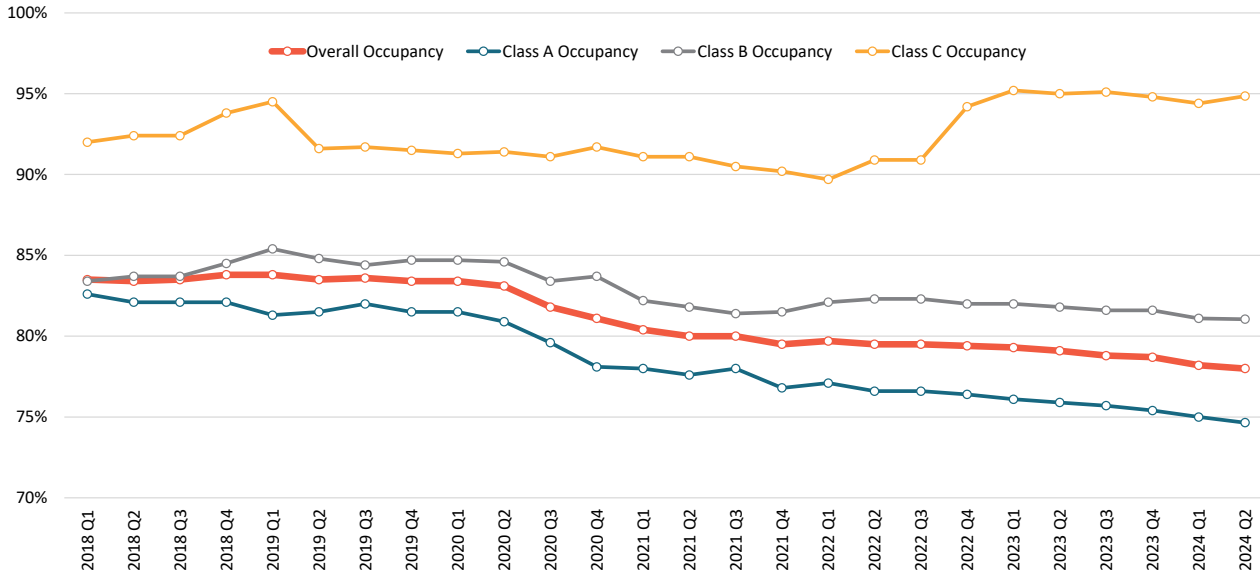
Nearly 50% of the total vacant supply is associated with properties built in the 1980's, of which the Dallas CBD holds the greatest concentration in the market. While conversions from office to multifamily spaces may help alleviate some of the vacancy concerns in the Dallas CBD, companies relocating to recently delivered or renovated assets and/or downsizing may tug back to neutralize any potential gains.

### Occupancy Trends



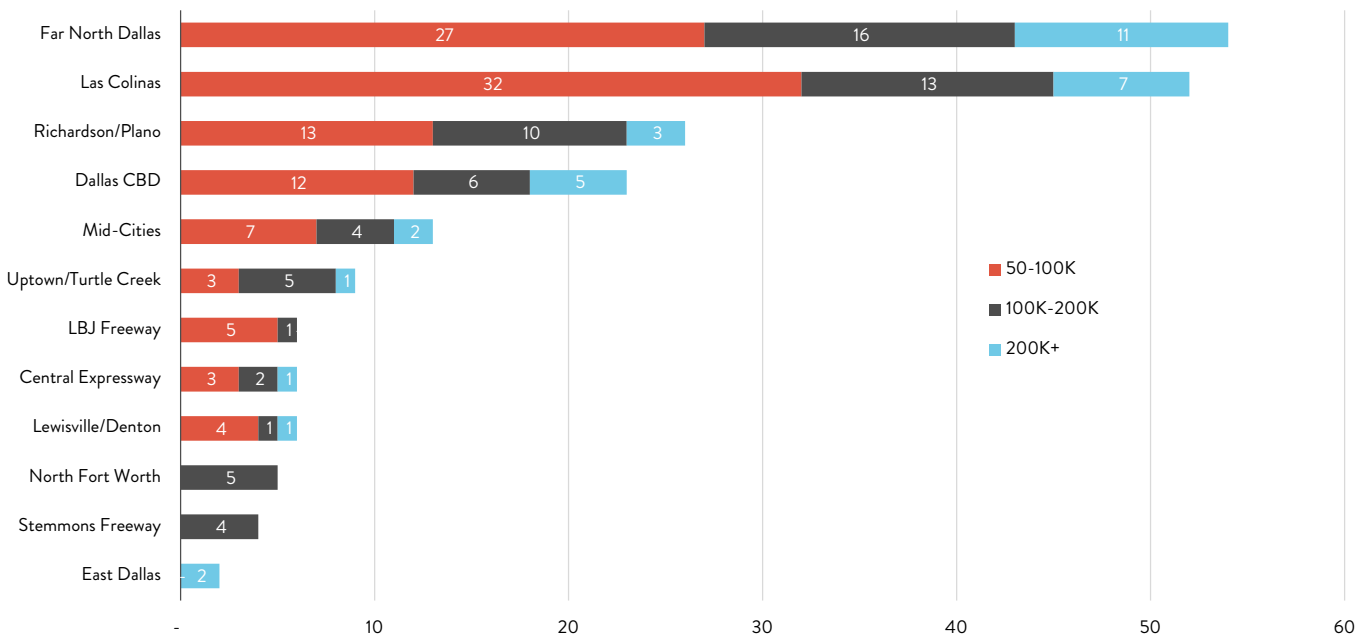
As mid-sized spec construction increases over build-to-suits, overall market occupancy will likely continue to decrease in the coming quarters. Class A occupancy in Dallas-Fort Worth continues to hold the lowest rate by class at 74.7% as new construction continues to feed one of the largest construction pipelines in the nation. The 1.1 million SF of office that has delivered year-to-date is mainly speculative and currently 19.2% leased.

### Class Occupancy



Far North Dallas has switched places with Las Colinas at the top of the chart with the greatest number of big blocks on the market. Far North Dallas holds both the greatest inventory of 1980's product and the most new supply delivered year-to-date in the market, bringing in a total of 54 big blocks in the submarket alone. The second quarter ended with 206 big blocks of direct and sublease space over 50,000 square feet, a slight increase from last quarter. Thomson Reuter's downsize of 222,000 SF within Far North Dallas added a significant block of space to the submarket along with two spec deliveries at a combined 346,290 SF, both with full building availabilities.

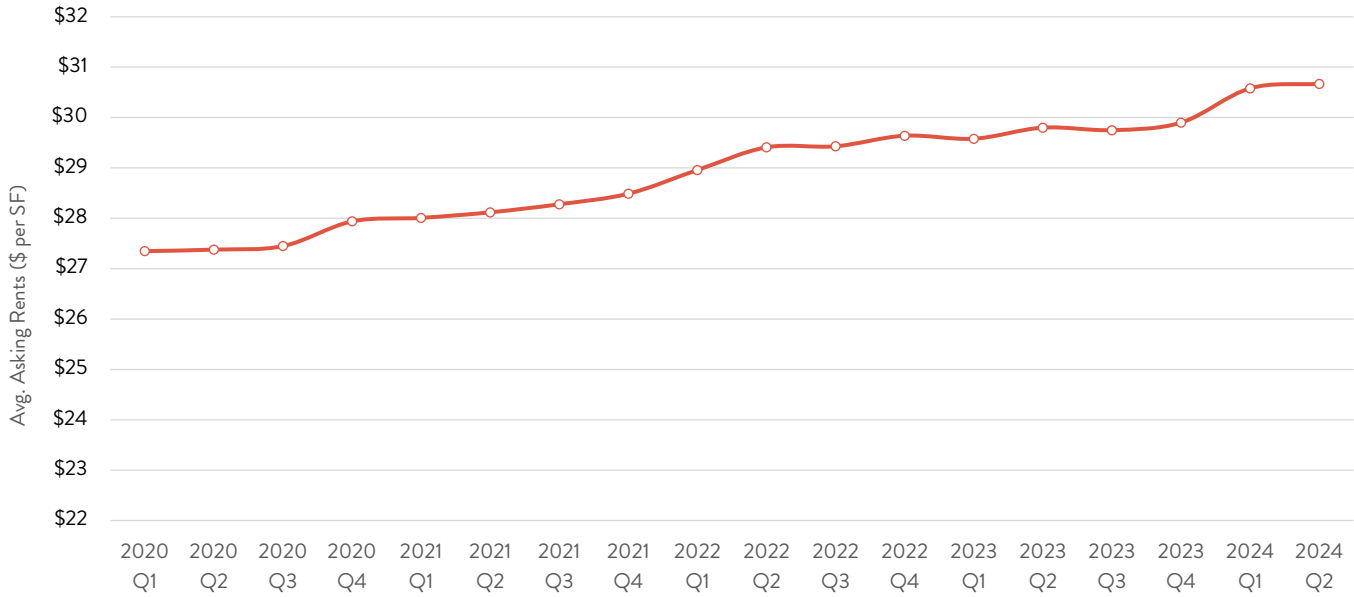
### Big Blocks of Space



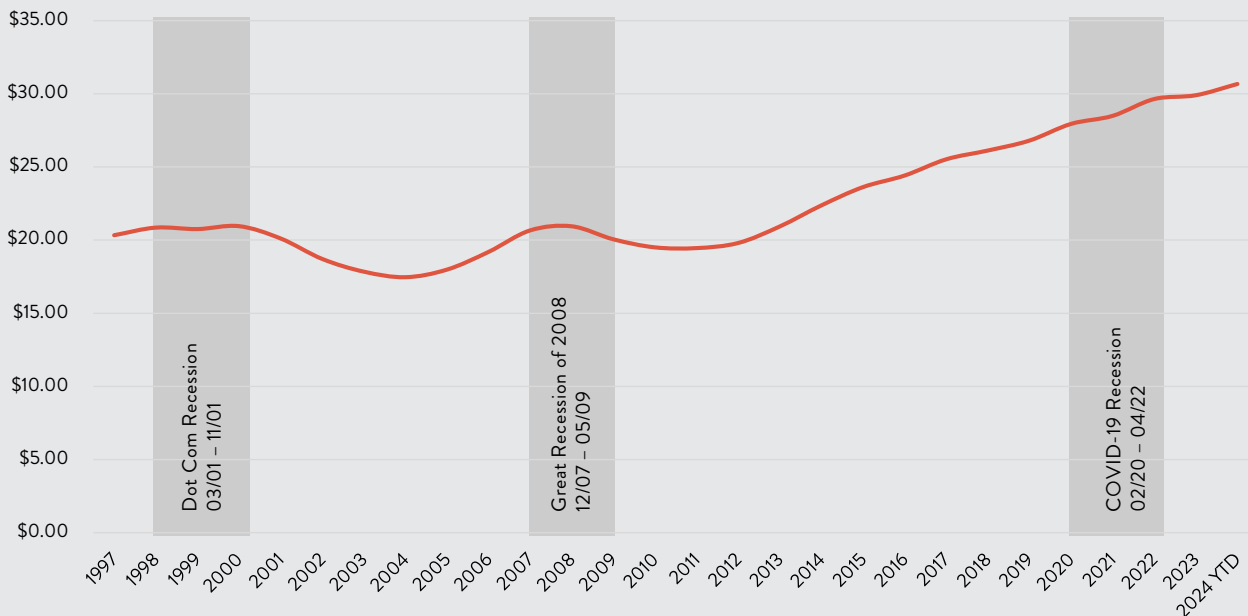
# Rental Rate Trends

Average asking rates have increased steadily to \$30.67 PSF (Full-Service Gross) with only a slight year-over-year increase of 2.9%. Supply chain disruptions during the pandemic and evolving office environment preferences have contributed to cost escalations in new construction and space renovations. PacElm’s The Ivy (proposed) and Bank of America Tower at Parkside (currently under construction) are quoting the highest rental rates in the market, ranging from \$75.00 to \$80.00 NNN.

## Rental Rate Trends

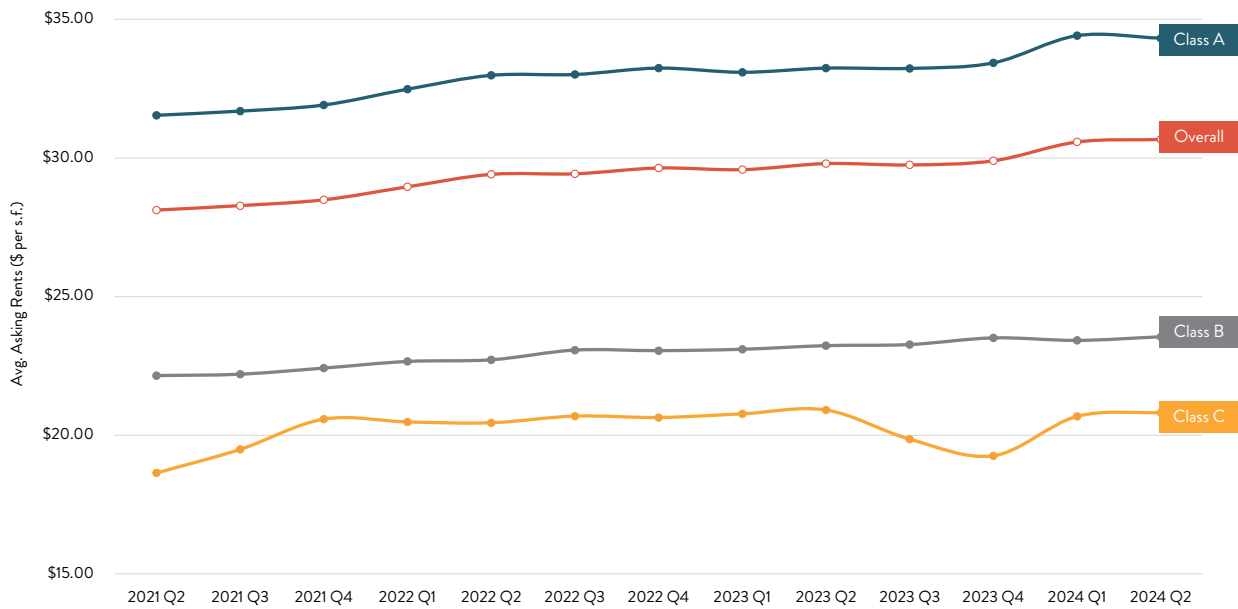


## Historical Rents

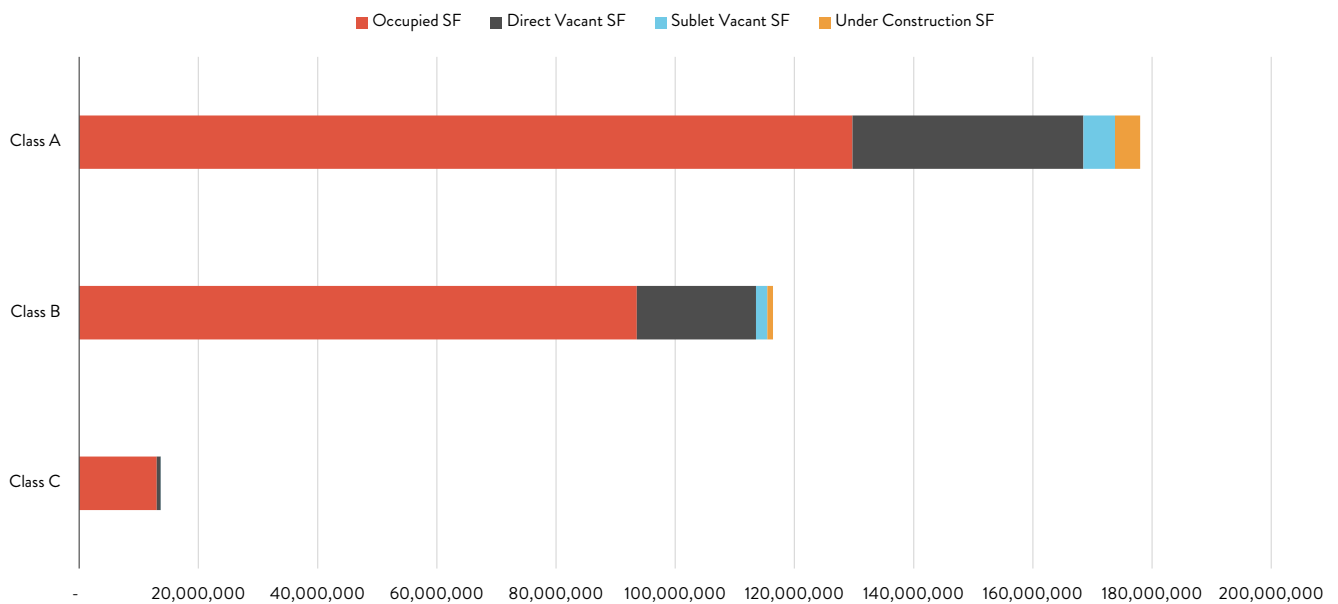


Overall asking rates, which are blended for all property classes, can be broken down as a year-over-year Class A rate increase of \$1.08, Class B rate increase of \$0.32, and Class C rate decrease of \$0.09.

### Class Rental Rates



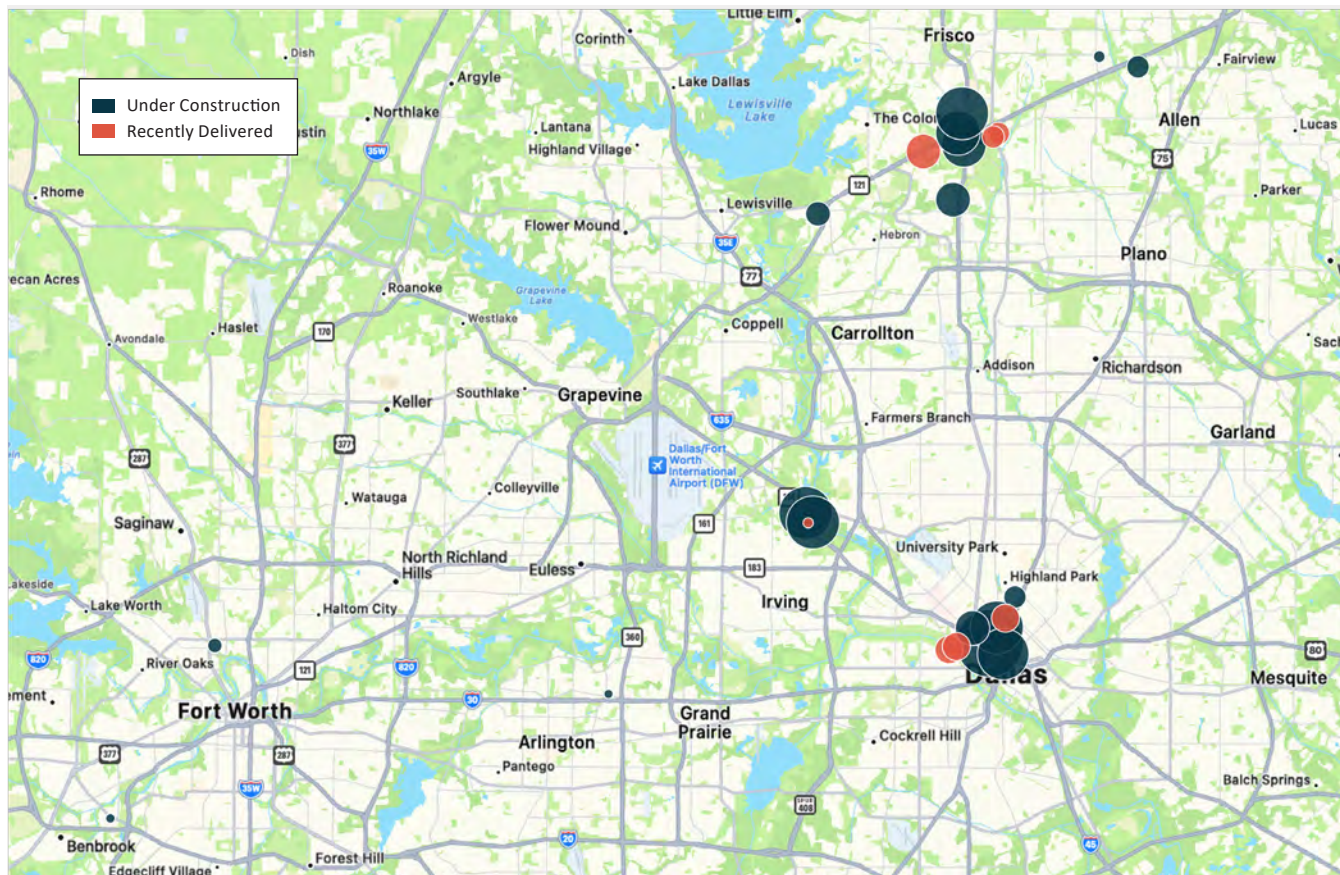
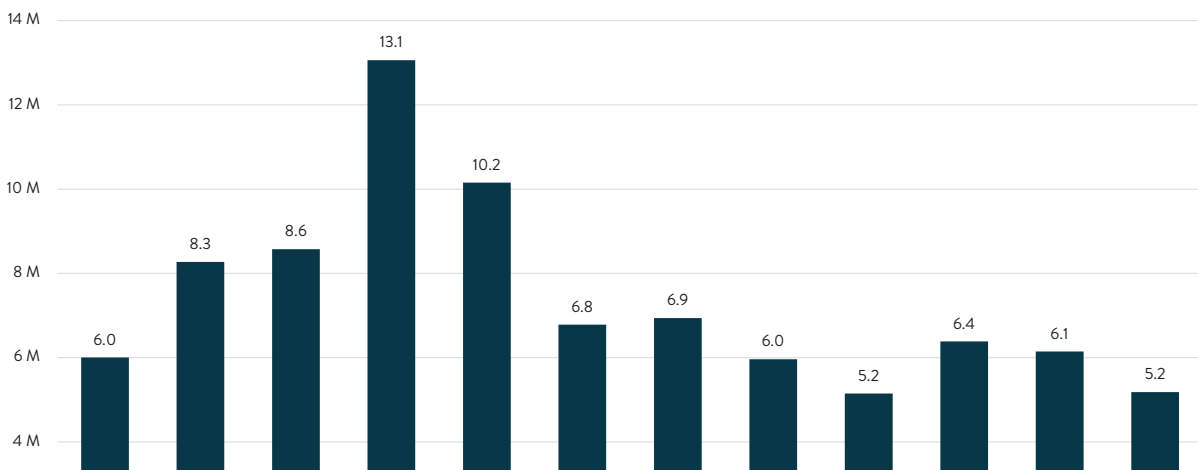
### Key Stats By Property Class (SF)



# DFW Construction Pipeline

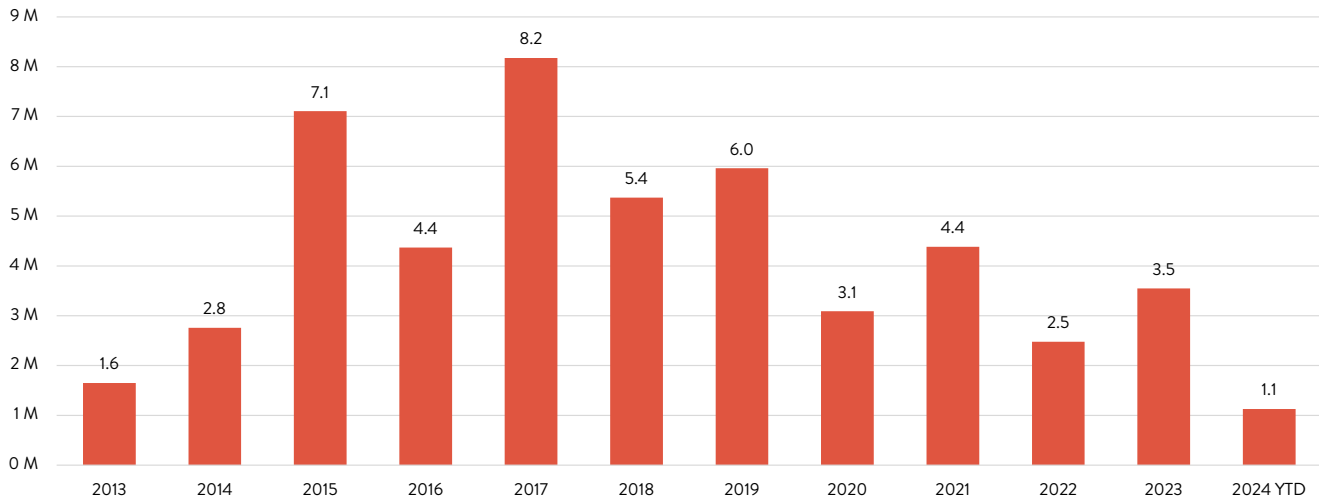
Office building deliveries in the first half of 2024 totaled 1.1 million SF with no ground breakings this quarter, bringing the under-construction supply to 5.2 million SF. DFW projects currently under development are 65.4% pre-leased including the Wells Fargo campus in Las Colinas and 23Springs with multiple leases in place including the most recent 10,000 SF deal from Savills, bringing 23Springs to 56% pre-leased. Following an infill of spec construction, two proposed projects in the Uptown/Turtle Creek submarket will be kicked off with leases in place from Stillwater Capital at 4145 Travis and Jones Day at Harwood No 15.

Under Construction (SF)

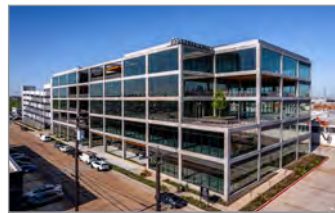


# Recent Deliveries (SF)

2024 Year-to-Date



**THIRTEEN THIRTY THREE**  
Design District  
125,788 RBA  
122,740 Max Avail. SF  
\$50.00 - \$52.00 NNN  
QIP



**RIVER EDGE**  
Design District  
146,955 RBA  
146,955 Max Avail. SF  
\$46.00 - \$48.00 NNN  
QIP



**SOUTHSTONE YARDS**  
Far North Dallas/Frisco  
241,443 RBA  
241,452 Max Avail. SF  
Withheld Rents  
Crow Holdings



**121 COMMERCE - TERRA**  
Far North Dallas/Legacy  
104,946 RBA  
70,625 Max Avail. SF  
\$34.00 NNN  
Primer Companies



**121 COMMERCE CENTER - AQUA**  
Far North Dallas/Legacy  
104,947 RBA  
104,947 Max Avail. SF  
\$34.00 NNN  
Primer Companies



**STATE BANK OF TEXAS**  
Las Colinas  
56,269 RBA  
Withheld Rents  
KDC



**THE QUAD**  
Uptown/Turtle Creek  
345,425 RBA  
222,419 Max Avail. SF  
Withheld Rents  
Stream Realty Partners

# Spec Under Construction



## FARMWORKS ONE

Allen/McKinney  
99,381 RBA  
99,381 Max Avail. SF  
\$34.00 NNN  
Johnson & Payne



## PARKWOOD PHASE II

Far North Dallas/Upper Tollway  
252,600 RBA  
88,986 Max Avail. SF  
\$40.00 NNN  
Cawley Partners



## THE TOWER AT HALL PARK

Far North Dallas/Frisco  
386,946 RBA  
386,946 Max Avail. SF  
Withheld Rents  
Hall Group



## CROWN CENTRE II

Lewisville  
147,000 RBA  
147,000 Max Avail. SF  
Withheld Rents  
Bright Realty LLC



## OLD PARKLAND EAST CAMPUS

Uptown/Turtle Creek  
289,000 RBA  
204,155 Max Avail. SF  
Withheld Rents  
Crow Holdings



# Under Construction with Leases



**TIAA**  
Far North Dallas/Frisco  
500,000 RBA  
Build-to-Suit  
Blue Star Innovation Partners



**RYAN TOWER**  
Far North Dallas/Legacy  
409,182 RBA | Pre-leased:  
Ryan, LLC  
205,004 Max Avail. SF  
Withheld Rents  
Ryan Companies



**ARMOR BUILDING**  
North Fort Worth  
57,254 RBA  
26,839 Max Avail. SF  
Withheld Rents  
U.S. Energy



**WELLS FARGO CAMPUS I & II**  
Las Colinas  
800,000 RBA  
Build-to-Suit  
Wells Fargo & Company



**23SPRINGS**  
Uptown/Turtle Creek  
626,215 RBA Pre-leased:  
Bank OZK  
276,296 Max Avail. SF  
\$62.00 - \$68.00 NNN  
Granite Properties



**BOA TOWER AT PARKSIDE**  
Uptown/Turtle Creek  
500,000 RBA | Pre-leased: BOA  
261,965 Max Avail. SF  
\$75.00 - \$80.00 NNN  
PacElm Properties



**GOLDMAN SACHS**  
Uptown/Turtle Creek  
702,000 RBA  
Build-to-Suit  
Hunt Consolidated



**KNOX STREET MIXED-USE**  
Uptown/Turtle Creek  
150,000 RBA  
Pre-leased: ISN Software  
MSD Partners, Trammell Crow  
Co., The Retail Connection  
and Highland Park Village  
Associates

**Near-Term  
Proposed  
Construction**



**FOURTEEN555 - PHASE II**  
Far North Dallas/Lower Tollway  
239,909 RBA  
239,909 Max Avail. SF  
Withheld Rents  
Cawley Partners



**15555 N DALLAS PKWY**  
Far North Dallas/Lower Tollway  
264,599 RBA  
264,599 Max Avail. SF  
\$38.00-\$40.00 NNN  
VanTrust Real Estate



**OFFICE AT THE GATE - PHASE I**  
Far North Dallas/Frisco  
315,000 RBA  
278,000 Max Avail. SF  
Withheld Rents  
Preferred Real Estate Investments



**THE VAN ZANDT**  
Southwest Fort Worth  
111,077 RBA  
111,077 Max Avail. SF  
Withheld Rents  
Goldenrod Capital Partners



**CRESCENT OFFICES WEST**  
South Fort Worth  
170,000 RBA  
170,000 Max Avail. SF  
Withheld rents  
Crescent Real Estate



**THE IVY**  
North Central Expressway  
269,472 RBA  
191,050 Max Avail. SF  
\$75.00 NNN  
PacElm Properties



**KERA/KAIZEN**  
Uptown/Turtle Creek  
400,000 RBA  
375,000 Max Avail. SF  
Withheld Rents  
Kaizen



**HARWOOD NO. 15**  
Uptown/Turtle Creek  
330,022 RBA  
330,022 Max Avail. SF  
Withheld Rents  
Harwood International



**FIELD STREET TOWER**  
Dallas CBD  
529,038 RBA  
529,038 Max Avail. SF  
Withheld Rents  
Hillwood Development



**FIELD STREET DISTRICT I**  
Dallas CBD  
500,000 RBA  
500,000 Max Avail. SF  
Withheld Rents  
Woods Capital



**ONE UNIVERSITY**  
South Fort Worth  
130,000 RBA  
116,044 Max Avail. SF  
Withheld Rents  
Goldenrod Companies

# Capital Markets

Transaction volume through Q2 2024 remains sluggish but is a surprising uptick in activity when compared with 2023. Only a handful of transactions (greater than 100,000 SF) were completed in Q2 and year-over-year sales are off by over 50%. Market pricing continues to correct but not enough transactions have closed to establish new market-clearing value ranges. The broader price adjustment is likely to occur gradually over the next 18 months. Users took the mantle as the most active buyer segment in Q2 2024. Three of the largest transactions completed (North Central Plaza I, One Bethany East and Creekview Corporate Center I & II) all went to owner-occupiers.

Debt fundamentals remain a stumbling block for the market. The possibility of a Fed rate cut later in 2024 is a hope certificate but the reality of higher interest rates is finally taking hold. The 10-year Treasury yields remain in the 4-5% range and prime is steady at 8.5%. A dramatic shift in the capital markets isn't expected until well into 2025 as pricing expectations match investor appetite and lenders benefit from an increasingly more stable foundation upon which to underwrite.

Real estate values for most property types are unlikely to fully stabilize until late 2025. Price discovery continues as office cap rates trend upwards. With a limited number of transactions to lean upon for a trend, implied values appear to have declined 30 – 50% from 2022. Cap rates may continue expanding in 2024, with a corresponding decrease in values.

## Notable 2Q 2024 Office Investment Sales Transactions

- North Central Plaza I – Costco (User)
- 8222 N Belt Line, 8616 Freeport, 8710 Freeport & 8550 Freeport – Hillwood
- One Bethany East – Credit Union of Texas (User)
- Creekview Corporate Center I & II – Associa (User)

## REIT PERFORMANCE YTD THROUGH 02/29/2024

PROPERTY TYPE	AVG. RETURN	NUMBER OF REITS
Infrastructure	-27.93%	6
Office	-13.24%	21
Land	-11.44%	3
Self-Storage	-5.40%	5
Triple Net	-3.87%	17
Diversified	-9.14%	13
Multifamily	5.45%	13
Casino	-8.07%	2
Health Care	3.48%	16
Shopping Center	-6.06%	16
Industrial	-6.07%	12
Timber	-11.23%	3
Manufactured Housing	-6.65%	3
Hotel	-8.85%	15
Single Family Housing	7.83%	3
Advertising	9.02%	2
Malls	4.80%	4
Data Center	6.96%	3
<b>REIT Average</b>	<b>-5.45</b>	<b>157</b>

Source: S&P Global Market Intelligence LLC

## 10-Year Treasury Bond Rate



## Bank Prime Loan Rate Changes:

Historical Dates of Changes and Rates



Source: Board of Governors of the Federal Reserve System (US)

# Submarkets

SUBMARKET	INVENTORY		VACANCY		NET ABSORPTION SF		COMPLETIONS		UNDER CONSTRUCTION	ASKING RENT
	# OF BLDGS	TOTAL SF	TOTAL SF	RATE	CURRENT QTR	YTD	CURRENT QTR	YTD	AT END OF CURRENT QTR	WTD. AVG. (FS/G)
CENTRAL EXPRESSWAY	86	11,821,026	2,762,219	23.4%	-7,328	-51,367	0	0	0	\$33.73
DALLAS CBD	89	32,289,833	9,202,797	28.5%	-178,863	-117,957	0	0	0	\$30.11
EAST DALLAS	121	5,910,902	1,154,173	19.5%	-11,840	22,236	0	0	0	\$30.41
FAR NORTH DALLAS	414	62,528,709	15,789,071	25.3%	-159,177	-409,639	346,390	451,336	1,605,896	\$33.87
FORT WORTH CBD	60	10,146,836	1,240,899	12.2%	-64,205	-38,613	0	0	0	\$31.38
LAS COLINAS	305	42,361,374	10,885,481	25.7%	-211,810	-183,235	56,269	56,269	850,000	\$27.70
LBJ FREEWAY	132	19,629,358	4,865,299	24.8%	38,239	61,631	0	0	0	\$25.57
LEWISVILLE/DENTON	113	5,482,747	820,082	15.0%	69,487	103,029	0	0	147,000	\$26.89
MID-CITIES	317	25,403,392	3,803,661	15.0%	59,976	-8,831	0	0	8,424	\$25.78
NORTH FORT WORTH	51	3,936,600	494,817	12.6%	30,258	32,768	0	0	57,254	\$23.86
NORTHEAST FORT WORTH	48	3,687,222	284,501	7.7%	17,551	29,655	0	0	0	\$19.47
PRESTON CENTER	51	6,633,132	660,660	10.0%	69,018	75,755	0	0	0	\$44.88
RICHARDSON/PLANO	312	33,283,768	6,716,767	20.2%	-13,309	-275,601	0	0	135,574	\$25.62
SOUTH FORT WORTH	171	9,863,771	1,389,238	14.1%	-58,325	-14,742	0	0	15,000	\$26.86
SOUTHWEST DALLAS	57	3,358,382	759,648	22.6%	4,870	-7,043	0	0	0	\$23.49
STEMMONS FREEWAY	101	9,651,175	2,314,723	24.0%	-20,205	-31,973	0	272,743	0	\$26.05
UPTOWN /TURTLE CREEK	104	16,956,937	3,486,759	20.6%	28,099	59,066	345,425	345,425	2,365,341	\$50.37
<b>TOTAL</b>	<b>2,532</b>	<b>302,945,164</b>	<b>66,630,795</b>	<b>22.0%</b>	<b>-407,564</b>	<b>-754,861</b>	<b>748,084</b>	<b>1,125,773</b>	<b>5,184,489</b>	<b>\$30.67</b>
CLASS A	689	173,788,466	44,047,070	25.3%	-55,939	-75,715	748,084	1,125,773	4,217,704	\$34.32
CLASS B	1,485	115,435,106	21,876,999	19.0%	-355,637	-673,216	0	0	966,785	\$23.55
CLASS C	358	13,721,592	706,726	5.2%	4,012	-5,930	0	0	0	\$20.82
<b>TOTAL DFW</b>	<b>2,532</b>	<b>302,945,164</b>	<b>66,630,795</b>	<b>22.0%</b>	<b>-407,564</b>	<b>-754,861</b>	<b>748,084</b>	<b>1,125,773</b>	<b>5,184,489</b>	<b>\$30.67</b>

For additional information on any of the submarkets shown above, please refer to our Market Snapshot reports.

\* Younger Partners' research is based on the CoStar office building database. Inventory includes office buildings containing at least 15,000 rentable square feet; single tenant, multi-tenant, and owner-occupied; class A, B, and C; existing, under construction, or under renovation; and excludes medical office buildings and data centers.



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